

## MICHIGAN COMMUNITY REVITALIZATION PROGRAM PROGRAM GUIDELINES

1. The program may provide community revitalization incentives in the form of a grant, loan, other economic assistance, or any combination, for eligible investments in Michigan (MSF Support).
2. An eligible investment means at least one, or any combination of, the following expenditures for the project, if subject to a written agreement with the MSF, including investment which occurred prior to the MSF approval of the application for MSF Support to the extent that the investment has not been completely reimbursed to, or paid for on behalf of, the applicant, which are collectively referred to as “Hard Costs”:
  - a) any fees or costs for alteration, construction, improvement, demolition, or rehabilitation of buildings of an approved project, including utility tap fees, and fees and costs paid to a governmental entity for permits, zoning, and inspections;
  - b) any fees or costs for site improvements to an approved project, including, a surface parking lot, parking garage, parking ramp, utilities and public infrastructure such as roads, curbs, gutters, sidewalks, landscaping, lighting, grading and land balancing;
  - c) any fees or costs for the addition of machinery, equipment, or fixtures to an approved project; or
  - d) professional fees or costs for an approved project for architectural services, engineering services, Phase I environmental site assessment, Phase II environmental site assessment, or Baseline Environmental Assessment, or surveying services.

Provided however, the MSF Fund Manager may impose additional terms and conditions involving any Hard Costs that meet eligibility for reimbursement under any tax increment financing, including requiring those costs to be repaid to the MSF, or excluding any such costs from Hard Costs, under the written agreement with the MSF.

Provided further, in no event shall any of the following, whether incurred or expended by the applicant or otherwise, or for the project or otherwise, which are collectively referred to as “Soft Costs”, be deemed any part of the Hard Costs:

- a) acquisition fees or costs for real property,
  - b) developer fees or costs;
  - c) closing fees or costs;
  - d) legal fees or costs,
  - e) professional fees or costs (other than those included above as part of the Hard Costs),
  - f) title commitment fees or costs,
  - g) title insurance fees, premiums or costs,
  - h) management fees or costs (including Project management and construction management),
  - i) appraisal fees or costs,
  - j) bank or other lender financing, interest, or inspection fees or costs,
  - k) leasing or sales commission fees or costs,
  - l) shared savings, or fees or costs arising from penalties or other reductions in payment from any contract for improvements to the Project,
  - m) performance bond and other risk contingency fees and costs,
  - n) marketing fees or costs,
  - o) LEED certification costs,
  - p) zoning fees or costs (other than those zoning fees or costs paid to a governmental entity included above as part of the Hard Costs),
  - q) taxes, and
  - r) hazard, liability or any other insurance fees and costs.
3. The applicant shall include documentation establishing that the project is located on eligible property at the time the application is submitted. Eligibility will be determined at time of application and remain effective for no more than three years from the date of application for purposes of an incentive approval. Any extension of eligibility beyond three years will require MSF Board approval. Eligible property means property meeting one or more of the following conditions:
    - a) Is a facility. A facility means that term as defined under Section 2 of the Brownfield

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- Redevelopment Finance Act, 1996 PA381, MCL 125.2652, as may be amended from time to time.
- b) Is a historic resource. A historic resource means a publically or privately owned historic building or structure located within a historic district designated by the National Register of Historic Places, the State Register of Historic Sites, or a local unit acting under the Local Historic Districts Act, 1970 PA 169, MCL 399.201 to 399.215, as may be amended from time to time.
- c) Is blighted. Blighted property means property that meets any of the following criteria:
- Has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance;
  - Is an attractive nuisance to children because of physical condition, use, or occupancy;
  - Is a fire hazard or is otherwise dangerous to the safety of persons or property;
  - Has had the utilities, plumbing, heating, or sewerage permanently disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for its intended use;
  - Is tax reverted property owned by a qualified local governmental unit, by a county, or by this state;
  - Is property owned or under the control of a land bank fast track authority under the Land Bank Fast Track Act, 2003 PA 258, MCL 124.751 to 124.774, as may be amended from time to time; and
  - Has substantial subsurface demolition debris buried on site so that the property is unfit for its intended use.
- d) Is functionally obsolete. A functionally obsolete property means that the property is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or superadequacies in design, or other similar factors that affect the property itself or the property's relationship with other surrounding property as determined by a Michigan Advanced Assessing Officer or a Michigan Master Assessing Officer.
- e) Is a parcel that is adjacent or contiguous to property described in subparagraphs (a) through (d) if the development of the adjacent or contiguous parcel is estimated to increase the taxable value of the property described in subparagraphs (a) through (d).
4. Requests for MSF Support shall be made in accordance with the requirements of the MSF, including without limitation, submission by an applicant of:
- a completed application; and
  - a complete project description; and
  - a project pro-forma.
5. The municipality in which the project is located must make a staff, financial or economic commitment to the project, in each case on terms acceptable to the MSF, and the project must otherwise be a project the MSF desires to support under the program.
6. MSF Support for a single project shall not exceed 25% of the eligible investment, but in no event may the MSF Support exceed a total of \$10,000,000 for any project (including any combination of loan, grant, or other economic assistance). Further, no part of the MSF Support that is in the form of a grant may exceed \$1,000,000 for any project. No more than three projects may receive MSF Support of a total of \$10,000,000, and at least five projects must receive MSF Support of a total of \$1,000,000 or less, in each fiscal year.
7. MSF Support in the form of a grant shall be performance based. Grants shall include flexible terms and conditions. Grants shall also include provisions requiring grant funds to be paid back under circumstances required by the MSF, and

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- that the grants may be assignable upon approval of the MSF.
8. MSF Support in the form of a loan shall also be performance based. Loans may include flexible terms and conditions, all of which must be acceptable to the MSE, including without limitation, below market interest rates, extended grace and repayment provisions, forgivable terms and no security, or some security (which also may be subordinated). Loans shall also include provisions requiring loans funds otherwise not due the MSE, to be paid back under circumstances required by the MSE, and that the loans may be assignable upon approval of the MSE.
  9. MSF Support in the form of economic assistance (other than loans or grants) may include MSF participation (or other support vehicles) to enhance the making of loans by other lenders.
  10. When considering a project for MSF Support, consideration shall include the following to the extent reasonably applicable to the type of proposed project, and any other considerations satisfactory to the MSF:
    - a) Projects which include revitalization of regional urban areas shall be given preference for MSF Support;
    - b) MSF Support shall not include support for economic based projects that are not located in a downtown or traditional commercial center and that do not primarily promote the desired revitalization of urban areas;
    - c) The importance of the project to the community in which it is located;
    - d) Whether the project will act as a catalyst for additional revitalization of the community in which it is located;
    - e) The amount of local community and financial support for the project;
    - f) The applicant's financial need for the incentive;
    - g) The extent of reuse of vacant buildings and reuse of historical buildings and redevelopment of blighted property;
    - h) The level and extent of environmental contamination;
    - i) Creation of jobs;
    - j) The level of private sector and other contributions, including federal resources;
    - k) Whether the project is financially and economically sound;
    - l) Whether the project increases the density of the area;
    - m) Whether the project promotes mixed-use development and walkable communities;
    - n) Whether the project converts abandoned public buildings to private use;
    - o) Whether the project promotes sustainable development;
    - p) Whether the project involves the rehabilitation of a historic resource meeting the Federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings, 36 CFR 67.
    - q) Whether the project addresses area wide redevelopment;
    - r) Whether the project addresses underserved markets of commerce.
    - s) Whether the project will compete with or effect existing Michigan businesses within the same industry; and
    - t) Any other additional criteria approved by the MSF Board that are specific to each individual project and are consistent with the findings and intent of Chapter 8C of the MSF Act.
  11. The MEDC shall provide administrative services to the MSF for the program, including conducting due diligence and compliance processes, and coordinating pre-closing background checks as may be required by the Chief Compliance Officer.

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12. The program may require applicants to pay reasonable application fees, and any other expenses incurred in administering the program, to the MEDC.
13. All MSF Support shall be memorialized by final written grant, loan or other economic assistance agreements, with terms and conditions in accordance with these guidelines and otherwise satisfactory to the MSF, including without limitation, requiring performance based milestones which shall govern disbursements; and requiring periodic reporting of data, financial information, and any other information required to facilitate reporting to the MSF Board and the Michigan legislature, including periodic reporting after completion of a project.
14. All decisions for MSF Support, including any exceptions to these guidelines, are subject to approval of the full MSF Board, however (except as to any exceptions to these guidelines), all decisions for MSF Support in an amount of \$1,000,000 or less may be authorized by the following delegates of the MSF Board: the MSF Chairperson together with either the MSF State Treasurer Director or the MSF Fund Manager. A summary of the MSF Support authorized by the delegates shall be reported to MSF Board on a quarterly basis.

*Guidelines approved by MSF Board on July 22, 2014.*